



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Auditor-Controller

At its meeting held July 29, 2003, the Board took the following action:

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The following item was called up for consideration:

Supervisor Antonovich's recommendation to adopt a policy requiring that only designated County employees shall approve the issuance of warrants; instruct all Department/District Heads to identify any instances in which contractors have authorization to approve the issuance of warrants through an interface or otherwise, respond in writing to the Auditor-Controller within 30 days of their findings, and immediately cancel any contractors authority to approve the issuance of warrants; instruct the Director of Public Social Services to modify the GAIN Employment Activity and Reporting System (GEARS) to require that two County employees approve all payments; and instruct the Directors of Public Social Services and Community and Senior Services to jointly take the following related actions:

Review the GEARS system access files to ensure that unnecessary user identifications are removed, all identification have an identified user, and that only individuals who need access have access;

Develop policies and procedures that clearly designate each department's responsibility for monitoring, and develop new GEARS generated reports to monitor irregularities in disbursements made through the system;

Develop the appropriate training for the Department of Community and Senior Services and its contractors, and the Department Public Social Services' internal staff on the use of the reports; and

Modify the Memorandum of Understanding to reflect the clarified responsibilities.

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Supervisor Antonovich made the following statement:

“During a recent fraud investigation, the Auditor-Controller discovered that County funds were stolen by a contractor that had the authority to issue warrants by interfacing with the County’s accounting system.

“I therefore recommend that the Board:

1. Adopt a policy requiring that only designated County employees shall approve the issuance of warrants;
2. Instruct all Department/District Heads to identify any instances in which contractors have authorization to approve the issuance of warrants through an interface or otherwise, respond in writing to the Auditor-Controller within 30 days of their findings, **and begin the process of canceling** any contractors authority to approve the issuance of warrants; **and instruct the Auditor-Controller to report back on a quarterly basis of the cancellation status;**
3. Instruct the Director of Public Social Services to modify the GAIN Employment Activity and Reporting System (GEARS) to require that two County employees approve all payments; and
4. Instruct the Directors of Public Social Services and Community and Senior Services to review the GEARS system access files to ensure that unnecessary user identifications are removed, all identification have an identified user, and that only individuals who need access have access;
5. Instruct the Directors of Public Social Services and Community and Senior Services to jointly develop policies and procedures that clearly designate each department's responsibility for monitoring;
6. Instruct the Directors of Public Social Services and Community and Senior Services to jointly develop new GEARS generated reports to monitor irregularities in disbursements made through the system;

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7. Instruct the Directors of Public Social Services and Community and Senior Services to jointly develop the appropriate training for the Department of Community and Senior Services and its contractors, and the Department of Public Social Services' internal staff on the use of the reports; and
8. Instruct the Directors of Public Social Services and Community and Senior Services to jointly modify the Memorandum of Understanding to reflect the clarified responsibilities."

J. Tyler McCauley, Auditor Controller, addressed the Board.

After discussion, on motion of Supervisor Burke, seconded by Supervisor Antonovich, unanimously carried, Supervisor Antonovich's revised aforementioned recommendation was continued four weeks to August 26, 2003; and the Auditor-Controller was instructed to report back to the Board with the cost of implementing Supervisor Antonovich's recommendation and possible alternatives, and the impact if the policy is not adopted.

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Each Supervisor
Chief Administrative Officer
County Counsel